

Local 99 Health & Welfare Fund Legal Services Newsletter

Rachel P. Roat, Esq.



TAX TIME!!!

Payment Options for Taxpayers Who Owe \$\$\$ to the IRS

There are many taxpayers who owe taxes or who can't pay their taxes. The Internal Revenue Service [IRS] has a number of ways for taxpayers to pay their tax bill and avoid tax liens.

If you receive a bill this summer for late taxes, the law requires you to promptly pay the tax owed plus interest and penalties. If you are unable to pay the amount due, it is often better to try to get a loan to pay the bill in full rather than to make installment payments which will include interest.

Continued on **4**

IRS.gov *freefile*

Page 2

Free Tax Return Help

VITA & TCE Volunteer
Assistance Programs

Page 3

Civics Quiz

Why Did the Colonists Fight
the British?

Page 5

www.IRS.gov/FreeFile

Free File is a free service that offers free federal tax preparation and e-file options for all taxpayers. Free File is made possible through a public-private partnership between the IRS and commercial tax software companies. All taxpayers have a Free File option.

Everyone case use IRS Free File. If your adjusted gross income was \$62,000 or less in 2015, use brand-name software to do your taxes for free. If your income was more than \$62,000 use Free File's Fillable Forms.

Free File software guides you through the process; helps find tax breaks; and e-files your federal return—all for free. Get started at www.irs.gov/freelfile.

BEWARE!!

SHADY TAX PREPARERS TARGET POOR WITH HIGH FEES

There is almost no regulation in the tax preparation industry even though the tax code is forbiddingly complex.

As a result, the field of tax preparation has drawn some unscrupulous players. Many of them target low-income families who claim the earned-income tax credit.

A majority of earned-income tax credit filers use tax preparers, according to a report by the IRS's taxpayer advocate, but only one-fourth of those are certified public accountants, lawyers or federally licensed tax specialists.

Tax preparation fees are often not disclosed up front, and many places do not mention that a taxpayer can pay tax prep fees separately, rather than having them automatically deducted from the refund.

Worst of all, tax refunds are sometimes fraudulently inflated by preparers, who then disappear. The consequences of erroneous returns can be devastating to the taxpayer. Not only will she have to reimburse the government, plus interest, but she may also be barred from claiming the earned-income credit for up to 10 years!





FREE TAX RETURN PREPARATION

Workers Earning Under \$54,000 or 60 Years Old or Older

The IRS Volunteer Tax Assistance [VITA] and the Tax Counseling for the Elderly [TCE] Programs offer free tax help for taxpayers who qualify.

VITA

The VITA Program generally offers free tax help to people who make \$54,000 or less, have a disability, or limited English language skills, and need assistance in preparing their own tax returns. IRS-certified volunteers provide free basic income tax return preparation with electronic filing to qualified individuals in local communities. These volunteers can inform taxpayers about special tax credits for which they may qualify such as Earned Income Tax Credit, Child Tax Credit, and Credit for the Elderly or Disabled. Find a VITA preparation site near you by calling

1-800-906-9887.

TCE

The TCE Program offers free tax help for all with priority assistance to people who are 60 years of age and older, specializing in questions about pensions and retirement issues unique to seniors. To locate a TCE site near you call 1-888-227-7669.

ITEMS TO BRING FOR TAX HELP

- Picture ID;
- Social Security numbers for you, your spouse and all dependents;
- Birth dates for you, your spouse and your dependents;
- W-2, W-2G, 1099-R, 1099-Misc from all employers;
- Last year's tax returns; federal & NJ.

Based on your circumstances, you may be granted a short additional time to pay your tax in full. Complete the Online Payment Agreement at www.irs.gov or call 800-829-1040.

You can pay your tax bill with a credit card. Be sure to compare the interest rate on your credit card with the amount of interest and penalties imposed by the IRS. To pay by credit card you will need to contact a processing company such as Link2Gov at www.pay1040.com.

Your tax balance can also be paid by electronic funds transfer by accessing www.eftps.gov. Of course a check, money order, cashier's check or cash is also accepted.

If you cannot pay in full, you may request an installment agreement. This is a written agreement between you and the IRS to pay the amount due in monthly installment payments. You must first file all required tax returns and be current with any estimated tax payments. You must complete and mail an IRS Form 9465, "Installment Agreement Request," along with your tax bill in the envelope you received from the IRS. The IRS will inform you (usually within 30 days) whether your request is approved, denied, or if additional information is needed.

If you owe \$25,000 or less in combined tax, penalties and interest, you can request an installment agreement using the Online Payment Agreement application at www.irs.gov.

You may still qualify for an Installment Agreement if you owe more than \$25,000, but in that case you are required to complete a Form 433F, "Collection Information Statement" before the IRS will consider an installment agreement.

If an installment agreement is approved, a one-time user fee will be charged. The user fee for a new agreement is \$105 or \$52 for agreements where payments are deducted

directly from your bank account. For eligible individuals with lower incomes, the fee can be reduced to \$43.

Taxpayers who have a balance due may want to consider changing their W-4, "Employee's Withholding Allowance Certificate," with their employer. A withholding calculator at www.irs.gov can help taxpayers determine the amount that should be withheld



For those taxpayers owing significant amounts of taxes who cannot pay their full tax liability, another option is the Offer in Compromise. The IRS considers your ability to pay; income; expenses; and asset equity. You must be current with all filing and payment requirements. You are not eligible if you are currently in bankruptcy. The "Offer in Compromise Pre-Qualifier" can be found at www.irs.gov to confirm your eligibility and prepare a preliminary proposal. Step-by-step instructions can be found in an IRS booklet, Form 656-B.

If you meet the Low Income Certification guidelines, you do not have to send the application fee or the initial payment with your application. Nor do you need to make the monthly installments during the evaluation of your offer.

If you hire a tax professional to help you file an offer, be sure to check his or her qualifications.

BEWARE TAX REFUND LOANS!

Tax refund loans are a very high-cost way to borrow money. This type of credit gives you an advance on a tax refund--for a fee. Percentage rates as high as 774% have been reported.

If you are short of cash, avoid tax refund loans by asking for more time to pay a bill or seeking a traditional short-term bank loan. Both are less expensive!



TAX ID THEFT

Tax identity theft occurs when someone uses your personal information such as your name, Social Security Number, or other identifying information to file a tax return fraudulently and claim a refund early in the filing season.

If you believe someone has used your SSN fraudulently, contact the IRS immediately at 1-800-908-4490. You will need to fill out the IRS Identity Theft Affidavit, Form 14039 in PDF format.



NATURALIZATION TEST SAMPLE QUESTION:

Why did the colonists fight the British?

Because of high taxes!
(taxation without representation)

If the IRS Has Started a Case Against You for Unpaid Taxes



The Rutgers School of Law in Newark has a Federal Tax Law Clinic that represents taxpayers who cannot otherwise afford legal representation in disputes with the IRS. For more information go to the clinic's website:

www.law.newark.rutgers.edu/clinics/federal-tax-law-clinic

Or call: (973) 353-5561

EIGHT TAX TIME ERRORS TO AVOID

- **Wrong or missing Social Security numbers.** Be sure you enter SSNs for yourself and others on your tax return exactly as they are on the Social Security cards.
- **Names wrong or misspelled.** Be sure you enter names of all individuals on your tax return exactly as they are on the Social Security cards.
- **Filing status errors.** Choose the right filing status. There are five filing statuses: Single, Married Filing Jointly, Married Filing Separately, Head of Household and Qualifying Widow (or) With Dependent Child. E-filing your return will also help you choose the correct filing status.
- **Math mistakes.** If you file a paper tax return, double-check the math. If you e-file, the software does the math for you. For example, if your Social Security benefits are taxable, check to ensure you figured the taxable portion correctly.
- **Errors in figuring credits, deductions.** Take your time and read the instructions in your tax booklet carefully. Many filers make mistakes figuring their Earned Income Tax Credit, Child and Dependent Care Credit and the standard deduction. For example, if you are age 65 or older or blind check to make sure you claim the correct, larger standard deduction amount.
- **Wrong bank account numbers.** Direct deposit is the fast, easy and safe way to receive your tax refund. Make sure you enter your bank routing and account numbers correctly.
- **Forms not signed, dated.** An unsigned tax return is like an unsigned check—it's invalid. Remember both spouses must sign a joint return.
- **Electronic signature errors.** If you e-file your tax return, you will sign the return electronically using a Personal Identification Number. For security purposes, the software will ask you to enter the Adjusted Gross Income from your previous filed federal tax return. Do not use the AGI amount from an amended or corrected form. You may also use last year's PIN if you e-filed last year and remember your PIN.

Local 99 Legal Services Program

The Local 99 Health & Welfare Fund established the Legal Services Program in 1999 to assist its participants in the protection of their personal legal rights and to deal with and avoid legal problems.

The Legal Services Program provides and advice and consultation for specific types of legal problems under **NEW JERSEY** law only. No representation in legal proceedings is available.

Participants are entitled to meet without charge with an attorney to review documents. A single attorney letter or telephone call is included. Complementary wills and powers of attorney are also provided.

HOW TO CONTACT US:

RACHEL P. ROAT, ESQ.
DIRECTOR, LEGAL SERVICES PROGRAM

18 Washington Place, Second Floor
Newark, New Jersey 07102

TELEPHONE: 973-735-6464 ext. 119

EMAIL: RROAT@Local99healthfund.org
RoatLaw@gmail.com

WEB: www.local99healthfund.org